

**ROUTING AND TRANSMITTAL SLIP**

16 JUNE 1986

TO: (Name, office symbol, room number,  
building, Agency/Post)

Initials

Date

1. EXO/DDA

2. ADDA

3. DDA

4. MS/DDA

5. DDA REGISTRY

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

**REMARKS**CC: EACH DA OFFICE DIRECTOR *Dene*

6/16/86

DO NOT use this form as a RECORD of approvals, concurrences, disposals,  
clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

Phone No.

5041-102

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USGPO 1983 0-381-529 (316)

# **EXECUTIVE SECRETARIAT** **ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA		X (Mgmt Issue only)		
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9	Chm/NIC				
10	GC				
11	IG				
12	Compt		X (Mgmt Issue only)		
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SUSPENSE		Date _____			

Remarks

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Executive S  
16 June

3637 (10-81)

THE WHITE HOUSE  
WASHINGTON

CONFIDENTIAL

DDA/REG  
LOGGED

# CABINET AFFAIRS STAFFING MEMORANDUM

Date: 6/12/86 Number: 317, 136CA Due By:

Executive Registry

86-

2712+

Subject: Domestic Policy Council Meeting - June 16, 1986

3:00 P.M. Roosevelt Room

	Action	FYI		Action	FYI
<b>ALL CABINET MEMBERS</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>CEA</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>CEQ</b>	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>OSTP</b>	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Justice	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>Poindexter</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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HHS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>Chew (For WH Staffing)</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HUD	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Education	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Chief of Staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<u>CIA</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>	<b>Executive Secretary for:</b>		
			<b>DPC</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>EPA</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>EPC</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>GSA</b>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>NASA</b>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>OPM</b>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>SBA</b>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<b>VA</b>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

## REMARKS:

The Domestic Policy Council will meet on Monday, June 16, 1986 at 3:00 P.M. in the Roosevelt Room.

The agenda and background papers are attached.

## RETURN TO:

☒ Alfred H. King  
Cabinet Secretary  
456-2823  
(Ground Floor, West Wing)

☐ Don Clarey  
☐ Rick Davis  
☐ Ed Stucky

Associate Director  
Office of Cabinet Affairs  
456-2800 (Room 235, OEOB)

60-7

THE WHITE HOUSE

WASHINGTON

June 12, 1986

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM:

RALPH C. BLEDSOE  
Executive Secretary



SUBJECT:

Meeting on June 16, 1986

Attached are an agenda and materials for the Domestic Policy Council meeting scheduled for Monday, June 16, 1986 at 3:00 p.m. in the Roosevelt Room 208. Two items will be discussed at this meeting.

The first will include a presentation on the Strategic Petroleum Reserve (SPR), and discussion of Administration policies regarding size and fill rate. The Working Group on Energy, Natural Resources and Environment has developed several policy options, which are described in the attached report. This will be a continuation of the May 19 discussion of this issue by the Council.

The second agenda item will include a discussion of management legislation now before Congress, including Administration-supported legislation and management legislation introduced by Members of Congress. The latter includes a proposal to create an Office of Federal Management. A background paper is attached.

attachment

**THE WHITE HOUSE**  
**WASHINGTON**

**DOMESTIC POLICY COUNCIL**

**Monday, June 16, 1986**

**3:00 p.m.**

**Roosevelt Room**

**AGENDA**

- 1. Strategic Petroleum Reserve**
- 2. Management Legislation**

### PRESIDENT'S MANAGEMENT IMPROVEMENT LEGISLATIVE PROGRAM

#### BACKGROUND

- o In 1985, the administration proposed an extensive management legislation program to help achieve long-term gains in Federal efficiency.
- o In a message to the Congress on July 31, 1985, the President requested enactment of his legislative program, and, at the same time, urged the Congress to support a major new program to improve Federal sector productivity.
- o The proposals discussed in the President's message and transmitted to Congress fall into five categories:
  - General Management Improvement;
  - Procurement;
  - Improved Financial Procedures;
  - Reduction in Regulatory and Paperwork Burdens; and
  - Fraud Prevention.
- o Of the 20 bills transmitted to Congress, 17 have been introduced. Hearings have been concluded on 13 of these. Four bills have been reported and two were passed by the Senate. Most of the bills are not controversial and all are extremely important to our success in achieving our management improvement goals.

- o In March, Senator Roth introduced a bill (S. 2230) to establish an Office of Federal Management, change the direction of the Office of Information and Regulatory Affairs away from regulatory oversight, create agency controllers, and make numerous changes in cash and credit management, accounting, and internal control procedures. The Director testified on this bill before the Senate Governmental Affairs Committee on May 14.

FEDERAL MANAGEMENT REORGANIZATION AND COST CONTROL ACT -- S. 2230 (ROTH)

An important factor in our legislative strategy is Senator Roth's new bill, the Federal Reorganization and Cost Control Act of 1986 (S. 2230). This bill is a serious proposal and Roth has made a commitment to work with us in drafting provisions which would be mutually acceptable. While there are useful proposals in the bill we have serious concerns about certain aspects. We have suggested that the bill be turned into an omnibus management improvement bill by adding some of our pending legislation. S. 2230 consists of six major provisions:

- o The bill would establish a new Office of Federal Management in the EOP, including OIRA, OFPP, the management, organization, and legislative reference functions of OMB, and a new Office of Financial Systems with sweeping authority to oversee agency financial management.

We oppose the reorganization proposal as unnecessary because the goal of increased emphasis on management issues can be and is being achieved within the current organizational structure. Further, separating the management and budget functions would undo the progress we have made in integrating and coordinating the efforts of the two staffs.

We have suggested, and the Committee is considering, replacing the reorganization provisions with a number of the pending management improvement bills:

- Productivity Improvement, recast from a joint resolution into substantive authority for OMB to oversee agency productivity efforts;
  - Reorganization authority;
  - Inspector General amendments;
  - Contract Disputes Act;
  - Simplified Competitive Acquisition Technique Act; and
  - Procurement Test Act.
- o The bill would significantly broaden OIRA functions in information resources management and, in so doing, would decrease resources available for regulatory oversight. We oppose this change and have asked that it be replaced in S. 2230 by reauthorization of OIRA, which we have sought for some time.
  - o The bill would strengthen accounting and internal control systems. We are working with the Committee to ensure sufficient flexibility in these areas and to resolve a separation of powers issue.

- o The bill would require preparation and audit of agency financial statements. We are working with the Committee on a more flexible approach.
- o The bill would increase the effectiveness of cash management by mandating a number of activities that the Administration supports. We have suggested that some of the cash management provisions be replaced by our draft bill, the Intergovernmental Financing Act, and that our Electronic Funds Transfer and Check Limited Payability bills be included. The Committee is considering these suggestions.
- o The bill would strengthen management of Federal credit programs by providing additional techniques that the Administration supports. We have asked the Committee to include provisions from Congressman Kasich's bill, the Omnibus Debt Collection and Credit Management Act and to extend the tax refund offset provisions (due to expire in December 1987). We have also asked them to consider including a uniform Federal debt collection provision to bring all States into conformity in the pursuit of collections.

#### OTHER RELATED BILLS

- o Omnibus Debt Collection and Credit Management Act -- H.R. 4659 (Kasich)

There is some overlap between H.R. 4659 and the credit management provisions of S. 2230. In addition to providing specific credit management techniques, H.R. 4659 would mandate a credit management czar at Treasury. We have asked the Senate Governmental Affairs Committee staff to consider adding parts of the Kasich bill to S. 2230.

o Federal Credit Program Revolving Fund Act -- S. 2428 (Heinz)

The bill calls for the creation of a central, actuarially sound revolving fund within the Treasury Department to manage Federal credit activity. The Fund would handle funding requirements for all direct loan and guarantee programs approved by Congress through appropriation of requisite subsidy amounts, which would be transferred to the Fund. This approach would make explicit the true economic cost of Federal credit programs.

o Loan Accounting Reform and Deficit Reduction Act -- S. 2142 (Trible and Gradison)

The bill would require all future Federal loans to be sold to private investors without Federal guarantees. Agency budgets would show the subsidy costs of new loans.

SPECIFIC ADMINISTRATION PROPOSALS

General Management Improvement

o Productivity Improvement

The President asked Congress to enact a joint resolution establishing productivity improvement in the Federal Government as a national goal. In that message, he expressed his belief that a declaration by both the Congress and the administration that the improvement of quality, timeliness, and efficiency in Government is a high priority will spur innovation within the Federal workforce.

S.J. Res. 190, a joint resolution establishing productivity improvement as a national goal, has been introduced and the Senate Governmental Affairs Committee held hearings in February.

- o **Reorganization Authority**

This proposal, which would renew through 1988 authority which expired in 1984, is needed to obtain congressional consideration of organization plans (not including establishing or abolishing agencies). The bill was introduced as S. 1657 by Senator Roth and was addressed in the February hearing.

#### **Procurement**

In 1985, the Government spent an estimated \$190 billion in procurement of goods and services involving more than 21 million procurement actions. The administration transmitted four proposals to simplify this process and broaden the competitive base.

- o **Simplified Competitive Acquisition Technique Act (SCAT)**

This proposal would reduce the administrative lead-time for competing contracts of \$25,000 to \$5 million -- from the average of 219 days to an estimated 85 days -- by shortening publication lead-times and reducing the number of administrative reviews and approvals.

The bill was introduced as S. 2008 by Senator Roth. Senate Governmental Affairs Committee mark-up is scheduled for June and prospects for passage of a similar bill are fairly good.

o Small Purchase Reservation and "Commerce Business Daily" Procurement Notice Act

This proposal would reduce the lead-time and paperwork requirements for small purchases by raising the threshold for publication of solicitations in the Commerce Business Daily and the ceiling for reservation of small purchases for small business concerns from \$10,000 to \$25,000.

Committee amendments to SCAT include a proposal to test this concept. Negotiations with Brooks have been positive.

o Civilian Agency Multi-year Contracting Act

This proposal would authorize contracts up to 15 years provided that: they are in the best interest of the Government; the need for continuing property or services is demonstrated; specifications are reasonably stable; small business participation is not inhibited; and the contract contains a cancellation clause.

Senate Governmental Affairs has reported its own similar bill and is negotiating with the House. They may try to get this into budget reconciliation.

#### **Procurement Test Act**

This proposal would authorize the Director of OMB to develop innovative contractual methods and procedures to be tested by selected agencies.

Senate Governmental Affairs concluded hearings in February.

#### **Improved Financial Procedures**

Four proposals would enable the administration to strengthen its financial systems procedures and to reduce errors in Federal payments.

##### **o Health Insurance and Payment Verification Act**

This proposal would establish a health insurance verification system to ensure that existing employment based health insurance would pay health care costs before taxpayer funded health programs. Participating Federal health programs would include medicaid, medicare, and veterans medical benefits. States will require employers to report on employed based health insurance coverage.

This bill was referred to a number of committees and has not yet been introduced. There is some chance of incorporation of parts of the bill in budget reconciliation.

- o **Electronic Funds Transfer Federal Salary Act**

To improve the operating efficiency of the Federal payroll system and to ensure that Federal salaries and wages are paid on time, this proposal would authorize the Secretary of the Treasury to require -- with appropriate exemptions -- that Federal salaries and wages be paid only via electronic transfer of funds.

The bill was introduced as S. 2009 (Roth). Cochran is very positive about the bill and wants to push it.

- o **Treasury Check Limited Payability Act**

This proposal would establish an orderly system for payment of U.S. Treasury check within 6 months of issue and for issue of replacement checks as required after 6 months.

This bill was introduced as H.R. 4131 (Wylie).

- o **Debt Collection Act Amendments**

The Federal Government currently holds over \$24 billion in delinquent accounts and loans receivable. This proposal would facilitate the collection of debt owed the Federal Government by authorizing the Attorney General to enter into contracts to retain private counsel to litigate collection cases concerning indebtedness to the Government.

Senate Governmental Affairs reported and the Senate passed a related bill in March.

### **Reduction in Regulatory and Paperwork Burdens**

Since the Paperwork Reduction Act of 1981 was enacted, regulatory and paperwork burdens have been reduced by 300 million hours. More effort is needed, however, and two new proposals would enable further progress.

#### **o Paperwork and Regulatory Simplification Act**

This proposal would modify or eliminate 60 statutory requirements which impose unnecessary burdens on many agencies and the public.

This bill was introduced as S. 2010 (Roth) and was addressed in the February hearing.

#### **o Congressional Reports Elimination Act**

In 1980 and 1982, Congress and the administration agreed that the number of reports required by law could be reduced. The Congressional Reports Elimination Acts modified 150 reports. The 1985 proposal seeks to build on that record by eliminating 186 recurring agency reports prepared for Congress and modifying an additional 50.

This bill was passed by the Senate in March.

### **Fraud Prevention**

White-collar crime continues to drain massive amounts of dollars from both public and private coffers -- one estimate is \$200 billion annually. Our inventory of available enforcement authorities, while recently improved, could be further strengthened. As part of a continuing campaign against fraud by Government contractors and grantees, the administration submitted to Congress several legislative proposals to strengthen its authority to bring civil fraud actions.

#### **o The Program Fraud Civil Penalties Act**

This proposal would strengthen the authority of agencies to investigate and prosecute fraud cases where the fraudulent claim does not exceed \$100,000.

Senate Governmental Affairs reported a related bill in December.

#### **o False Claims Act Amendments**

This proposal would facilitate prosecution of complex white collar fraud cases, particularly in the defense procurement area by authorizing civil investigation demands to aid in investigating claims; increasing the statutory penalty for submitting a false claim; permitting action against members of the armed forces, and authorizing the Government to recover consequential damages from the submission of a false claim.

Both Senate and House Judiciary Committees have reported related bills.

- o Grand Jury Disclosure Amendments

This proposal would permit disclosure of grand jury materials without a court order to Justice Department attorneys responsible for enforcement of Federal civil law. Other executive departments and agencies would be authorized to obtain court-ordered disclosure of grand jury information for use in adjudicative and administrative proceedings upon showing of "substantial need."

Senate Judiciary Committee concluded hearings in November 1985.

- o Contract Disputes Act and Federal Courts Improvement Act Amendments

This proposal would eliminate the jurisdiction of district courts to hear contract award challenges by disappointed bidders and would remove ambiguities in the law and eliminate needless litigation.

Senate Governmental Affairs Committee addressed this bill in the February hearing.

- o Bribes and Gratuities Act

This proposal would recodify and strengthen the Government's remedies when a contract, grant, or other payment received has been tainted by bribery.

This bill was introduced as H.R. 3336 (Fish) and S. 1675 (Thurmond).

- o **Anti-Fraud Criminal Enforcement Act**

This proposal would enhance Defense Department auditors' access to books and records of contractors to detect fraud and abuse.

This bill was introduced as H.R. 3341 (Gekas) and S. 1677 (Thurmond).

- o **Federal Computer Systems Protection Act**

This proposal would make it a felony to fraudulently use any computer owned or operated by the U.S. Government or certain financial institutions, or other computers where the offense involves interstate or foreign commerce. The Attorney General would be authorized to delegate concurrent investigative authority to other departments and agencies.

House and Senate Judiciary Committee have acted on related bills.

- o **Inspector General Act Amendments**

This proposal would standardize the authorities of Inspectors General (IGs) and strengthen their role by authorizing them to administer oaths and affirmations. In addition, it places the IGs of the Departments of Energy and Health and Human Services under the 1978 Act and establishes uniform pay levels.

This bill has not been introduced. A significantly different bill, S. 2005 (Roth) would extend the IG Act to small agencies and was addressed in the February hearing by Senate Governmental Affairs.